

Bulletin 01-006

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LIFE INSURANCE POLICIES WITH NO BENEFIT
FOR THE FIRST TWO YEARS

The marketing of life insurance policies that are described as “level term life” and do not provide a life insurance benefit during the first two years, violate the Nevada statutes prescribing Unfair Trade Practices. This type of policy does not meet the definition of level term life insurance and is misleading and deceptive as defined by Chapter 686A of NRS. Thus, the marketing and/or sale of these policies is prohibited in Nevada.

The benefit for a level term life insurance policy must remain uniform while the policy is in force. A policy which had no benefit for the first two years, would not be uniform while the policy is in force. NRS 686A.030 provides that:

686A.030 A person shall not make, issue, circulate or cause to be made, issued or circulated, any estimate, illustration, circular, statement, sales presentation or comparison which:

5. Uses any name or title of any policy or class of insurance policies misrepresenting the true nature thereof;

The use of life insurance policies described as “level term life” insurance that does not provide a life insurance benefit during the first two years is misleading and violates Subsection 5 of NRS 686A.030. The Division of Insurance will initiate disciplinary action against any insurer that issues “level term life” policies that violate this provision.

ALICE A. MOLASKY-ARMAN
Commissioner of Insurance

